

If Democrats Controlled the House...

A Weekly Taste of Their Legislative Agenda

June 8, 2012



Proposal: H.R. 3018, Corporate Assets Should be used to Hire Act

Sponsor: Rep. Michael Capuano (D-MA)

Summary: This proposed law would impose an additional tax on corporations at a rate of 40% on additional earnings over their average annual earnings.

Problems with the Bill: This anti-business legislation is another example of destructive economic practices proposed in an apparent attempt to improve the economy. For starters the law is just wrong—it is not the government’s right to prevent businesses from saving more money than they did last year. What is more, though, the bill perversely tries to help the economy by trying to kill business savings. Proponents might argue that it would coerce corporations to make additional hirings, but instead it would simply incentivize against earning larger profits. In the long term this would likely hurt the prospects of hiring workers; for example, if the corporation was saving money to create a new wing in which they could fit a large number of people (but did not have the total capital necessary quite yet), this legislation would actively be acting to keep people out of work by preventing the expansion. What is worse, this radical tax would be levied in addition to the current corporate tax rate, which happens to be the highest in the developed world. The government has done enough to strangle and hold back American business—another jobs-killing tax is a terrible attempt at a solution to this problem.

Reminder: RSC staffers and interns are encouraged to send other examples of questionable legislation to Rick.Eberstadt@mail.house.gov.